Form **990-PF**

Department of the Treasury
Internal Revenue Service (77)

Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0052

2009

For calendar year 2009, or tax year beginning , and ending

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.

Name of foundation: ROY AND LEONA NELSON FOUNDATION

Number and street (or P O box number if mail is not delivered to street address): BOX 965 | Room/suite

City or town, state, and ZIP code: SPOKANE WA 99210-0965

A Employer identification number: 71-0899453

B Telephone number (see page 10 of the instructions)

C If exemption application is pending, check here ▶ ☐

D 1. Foreign organizations, check here ▶ ☐

2. Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ ☐

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ ☐

H Check type of organization: ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

I Fair market value of all assets at end of year *(from Part II, col (c), line 16)* ▶ $ 2,089,894

J Accounting method: ☒ Cash ☐ Accrual ☐ Other (specify) *(Part I, column (d) must be on cash basis)*

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions))*

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc, received (attach schedule)				
	2 Check ▶ ☐ if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	124	124		
	4 Dividends and interest from securities	67,646	67,646		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	-489			
	b Gross sales price for all assets on line 6a 301,000				
	7 Capital gain net income (from Part IV, line 2)				
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less: Cost of goods sold				
	c Gross profit or (loss) (attach schedule)				
	11 Other income (attach schedule)				
	12 **Total.** Add lines 1 through 11	67,281	67,770		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	6,500			6,500
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)	2,000			2,000
	c Other professional fees (attach schedule)				
	17 Interest				
	18 Taxes (attach schedule) (990PF TAXES AND FIL FEES	35			
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	801			801
	24 **Total operating and administrative expenses.** Add lines 13 through 23	9,336			9,301
	25 Contributions, gifts, grants paid	122,000			122,000
	26 **Total expenses and disbursements.** Add lines 24 and 25	131,336			131,301
	27 Subtract line 26 from line 12				
	a **Excess of revenue over expenses and disbursements**	-64,055			
	b **Net investment income** (if negative, enter -0-)		67,770		
	c **Adjusted net income** (if negative, enter -0-)				

RECEIVED
E2-653
MAR 0 3 2010
IRS-OSC
OGDEN, UT

SCANNED MAR 0 8 2010

Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions.)

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing			
	2 Savings and temporary cash investments	15,296	74,209	74,209
	3 Accounts receivable ▶			
	Less allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)			
	7 Other notes and loans receivable (attach schedule) ▶			
	Less allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10 a Investments—U S and state government obligations (attach schedule)	400,000	100,000	100,000
	b Investments—corporate stock (attach schedule)			
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment basis ▶			
	Less accumulated depreciation (attach schedule) ▶			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)	1,872,672	2,049,704	1,915,685
	14 Land, buildings, and equipment basis ▶			
	Less accumulated depreciation (attach schedule) ▶			
	15 Other assets (describe ▶)			
	16 **Total assets** (to be completed by all filers—see the instructions Also, see page 1, item I)	2,287,968	2,223,913	2,089,894
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 **Total liabilities** (add lines 17 through 22)			
Net Assets or Fund Balances	**Foundations that follow SFAS 117, check here ▶ [X] and complete lines 24 through 26 and lines 30 and 31.**			
	24 Unrestricted	2,287,968	2,223,913	
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ [ ] and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg , and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 **Total net assets or fund balances** (see page 17 of the instructions)	2,287,968	2,223,913	
	31 **Total liabilities and net assets/fund balances** (see page 17 of the instructions)	2,287,968	2,223,913	

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	2,287,968
2 Enter amount from Part I, line 27a	2	-64,055
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	2,223,913
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	2,223,913

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
1a	300,000 U S Treasury note	D	8/9/2001	8/17/2009
b	50 sh Washington Mutual Investors Fund	P	1/23/2004	7/8/2009
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a	300,000		300,000	
b	1,000		1,489	-489
c				
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a				
b				
c				
d				
e				

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter -0- in Part I, line 7 }	2	-489
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions). If (loss), enter -0- in Part I, line 8	3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e) Do not complete this part

1 Enter the appropriate amount in each column for each year, see page 18 of the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2008	121,858	2,233,790	0 054552
2007	129,331	2,589,817	0 049938
2006	118,506	2,383,935	0 049710
2005	123,201	2,271,180	0.054245
2004	56,135	2,218,167	0 025307

2 **Total** of line 1, column (d)	2	0.233752
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0 046750
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	1,870,524
5 Multiply line 4 by line 3	5	87,447
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	678
7 Add lines 5 and 6	7	88,125
8 Enter qualifying distributions from Part XII, line 4	8	131,301

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate See the Part VI instructions on page 18

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1 a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter ________ (attach copy of letter if necessary—see instructions)			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☒ and enter 1% of Part I, line 27b		1	678
c	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)			
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		2	
3	Add lines 1 and 2		3	678
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		4	
5	**Tax based on investment income.** Subtract line 4 from line 3 If zero or less, enter -0-		5	678
6	Credits/Payments			
a	2009 estimated tax payments and 2008 overpayment credited to 2009	6a 1,473		
b	Exempt foreign organizations—tax withheld at source	6b		
c	Tax paid with application for extension of time to file (Form 8868)	6c		
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments Add lines 6a through 6d		7	1,473
8	Enter any **penalty** for underpayment of estimated tax Check here ☐ if Form 2220 is attached		8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶		9	
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶		10	795
11	Enter the amount of line 10 to be. **Credited to 2010 estimated tax** ▶ 795 **Refunded** ▶		11	

Part VII-A Statements Regarding Activities

		Line	Yes	No
1 a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		X
	*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities*			
c	Did the foundation file **Form 1120-POL** for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year **(1)** On the foundation ▶ $ ________ **(2)** On foundation managers ▶ $ ________			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ▶ $ ________			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities*	2		X
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		X
4 a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b	N/A	
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T*	5		X
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col (c), and Part XV*	7	X	
8 a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ▶ WA			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	X	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2009 or the taxable year beginning in 2009 (see instructions for Part XIV on page 27)? *If "Yes," complete Part XIV*	9		X
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*	10		X

Part VII-A Statements Regarding Activities *(continued)*

		Line	Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see page 20 of the instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ NA

14 The books are in care of ▶ DON PETERS Telephone no ▶ 509 326 2194

Located at ▶ 1436 N SUMMIT BLVD SPOKANE WA ZIP+4 ▶ 99201-3034

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041**—Check here ▶ ☐
and enter the amount of tax-exempt interest received or accrued during the year ▶ 15 NA

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

			Line	Yes	No
1a	During the year did the foundation (either directly or indirectly)				
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☒ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days)	☐ Yes ☒ No			
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53 4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)?		1b	N/A	
	Organizations relying on a current notice regarding disaster assistance check here	▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009?		1c		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))				
a	At the end of tax year 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009? If "Yes," list the years ▶ 20_____ , 20_____ , 20_____ , 20_____	☐ Yes ☒ No			
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see page 20 of the instructions)		2b	N/A	
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here ▶ 20_____ , 20_____ , 20_____ , 20_____				
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☒ No			
b	If "Yes," did it have excess business holdings in 2009 as a result of **(1)** any purchase by the foundation or disqualified persons after May 26, 1969, **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2009)*		3b	N/A	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2009?		4b		X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *(continued)*

5a During the year did the foundation pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☒ Yes ☐ No

(4) Provide a grant to an organization other than a charitable, etc , organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions) ☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53 4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)? **5b** X

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? NA ☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53 4945–5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b** X

If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? **7b** X

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see page 22 of the instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Nancy Harris 604 W 23rd Spokane WA 99203	President 4 00	3,500		
Tom Nelson 159 Rolling Hills Ln Wenatchee WA 98801	Director 1 00	1,000		
Don Peters 1436 N Summit Blvd Spokane WA 99201	Sec-Treas 1 00	1,000		
Neil McKay 717 W Sprague #1600 Spokane WA 99201	Director 1 00	1,000		

2 Compensation of five highest-paid employees (other than those included on line 1—see page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than $50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
None				

Total number of other employees paid over $50,000 ▶ 1

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)*

3 Five highest-paid independent contractors for professional services (see page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over $50,000 for professional services ▶ 1

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 College scholarships for students residing in Eastern Washington and Northern Idaho During 2009, the Foundation awarded $2,000 scholarships to 46 students attending 9 area colleges	9,301
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 24 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1	
2	
All other program-related investments See page 24 of the instructions 3	
Total. Add lines 1 through 3 ▶	

Part X Minimum Investment Return (All domestic foundations must complete this part Foreign foundations, see page 24 of the instructions)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	1,835,198
b	Average of monthly cash balances	1b	63,811
c	Fair market value of all other assets (see page 24 of the instructions)	1c	
d	**Total** (add lines 1a, b, and c)	1d	1,899,009
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) 1e		
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	1,899,009
4	Cash deemed held for charitable activities Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	28,485
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	1,870,524
6	**Minimum investment return.** Enter 5% of line 5	6	93,526

Part XI Distributable Amount (see page 25 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ ☐ and do not complete this part)

1	Minimum investment return from Part X, line 6			1	93,526
2a	Tax on investment income for 2009 from Part VI, line 5	2a	678		
b	Income tax for 2009 (This does not include the tax from Part VI)	2b			
c	Add lines 2a and 2b			2c	678
3	Distributable amount before adjustments Subtract line 2c from line 1			3	92,848
4	Recoveries of amounts treated as qualifying distributions			4	
5	Add lines 3 and 4			5	92,848
6	Deduction from distributable amount (see page 25 of the instructions)			6	
7	**Distributable amount** as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1			7	92,848

Part XII Qualifying Distributions (see page 25 of the instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc , purposes		
a	Expenses, contributions, gifts, etc —total from Part I, column (d), line 26	1a	131,301
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions.** Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	131,301
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see page 26 of the instructions)	5	678
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	130,623

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

Part XIII Undistributed Income (see page 26 of the instructions)

		(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1	Distributable amount for 2009 from Part XI, line 7				92,848
2	Undistributed income, if any, as of the end of 2009				
a	Enter amount for 2008 only			71,783	
b	Total for prior years. 20 05 , 20 06 , 20 07				
3	Excess distributions carryover, if any, to 2009				
a	From 2004				
b	From 2005				
c	From 2006				
d	From 2007				
e	From 2008				
f	**Total** of lines 3a through e				
4	Qualifying distributions for 2009 from Part XII, line 4 ▶ $ 131,301				
a	Applied to 2008, but not more than line 2a			71,783	
b	Applied to undistributed income of prior years (Election required—see page 26 of the instructions)				
c	Treated as distributions out of corpus (Election required—see page 26 of the instructions)				
d	Applied to 2009 distributable amount				59,518
e	Remaining amount distributed out of corpus				
5	Excess distributions carryover applied to 2009 *(If an amount appears in column (d), the same amount must be shown in column (a).)*				
6	**Enter the net total of each column as indicated below:**				
a	Corpus Add lines 3f, 4c, and 4e Subtract line 5				
b	Prior years' undistributed income Subtract line 4b from line 2b				
c	Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d	Subtract line 6c from line 6b Taxable amount—see page 27 of the instructions				
e	Undistributed income for 2008 Subtract line 4a from line 2a Taxable amount—see page 27 of the instructions				
f	Undistributed income for 2009 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2010				33,330
7	Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)				
8	Excess distributions carryover from 2004 not applied on line 5 or line 7 (see page 27 of the instructions)				
9	**Excess distributions carryover to 2010.** Subtract lines 7 and 8 from line 6a				
10	Analysis of line 9				
a	Excess from 2005				
b	Excess from 2006				
c	Excess from 2007				
d	Excess from 2008				
e	Excess from 2009				

Part XIV Private Operating Foundations (see page 27 of the instructions and Part VII-A, question 9) N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2009, enter the date of the ruling ▶

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2009	(b) 2008	(c) 2007	(d) 2006	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test—enter (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had $5,000 or more in assets at any time during the year—see page 28 of the instructions.)

1 **Information Regarding Foundation Managers:**

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000) (See section 507(d)(2))

NONE

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

NONE

2 **Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

Check here ▶ ☒ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds If the foundation makes gifts, grants, etc (see page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b c, and d

a The name, address, and telephone number of the person to whom applications should be addressed

b The form in which applications should be submitted and information and materials they should include

c Any submission deadlines

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
COLLEGE SCHOLARSHIPS (see 10-2 to 10-6)				92,000
GRANTS TO CHARITIES (see 10-7 & 10-8)				30,000
Total ▶ 3a				122,000
b *Approved for future payment*				
Total ▶ 3b				

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	Related or exempt function income (See page 28 of the instructions)
1 Program service revenue					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	124	
4 Dividends and interest from securities			14	67,646	
5 Net rental income or (loss) from real estate					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			18	-489	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue a					
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e)				67,281	

13 **Total.** Add line 12, columns (b), (d), and (e) 13 67,281

(See worksheet in line 13 instructions on page 28 to verify calculations)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes N/A

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See page 28 of the instructions)

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting foundation to a noncharitable exempt organization of:			
	(1) Cash	1a(1)		X
	(2) Other assets	1a(2)		X
b	Other transactions			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
	(3) Rental of facilities, equipment, or other assets	1b(3)		X
	(4) Reimbursement arrangements	1b(4)		X
	(5) Loans or loan guarantees	1b(5)		X
	(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

d If the answer to any of the above is "Yes," complete the following schedule. Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

b If "Yes," complete the following schedule

(a) Name of organization	(b) Type of organization	(c) Description of relationship

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge

Donald R Peters | 2/28/2010 | SEC-TREAS

Signature of officer or trustee | Date | Title

Paid Preparer's Use Only

Preparer's signature | Date | Check if self-employed ☐ | Preparer's identifying number (see **Signature** on page 30 of the instructions)

Firm's name (or yours if self-employed), address, and ZIP code | EIN | Phone no

ROY AND LEONA NELSON FOUNDATION

990PF
2009
71-0899453

Part I, Line 16b ACCOUNTING FEES

Don Peters, CPA Preparation of the Foundation's federal tax return	2,000

Part I, Line 23 OTHER EXPENSES

a) Dues - Association of Small Foundations	495
b) Office supplies and postage	206
c) Bank charges	100
	801

Part II, Line 10a INVESTMENTS - U S & STATE OBLIGATIONS

	Book Value	Market Value
100,000 U S Treasury bonds 6 1/8% 8/15/29	$100,000	$100,000

Part II, Line 13 OTHER INVESTMENTS - MUTUAL FUNDS.

7,537 sh	Growth Fund of America	198,634	204,639
7,729 sh	Washington Mutual Investors Fund	226,835	189,975
7,389 sh	Capital World Growth & Income Fund	242,620	251,386
8,418 sh	New Perspective Fund	216,391	214,924
21,115 sh	American Balanced Fund	373,388	342,275
16,801 sh	Income Fund of America	294,294	259,743
20,724 sh	Bond Fund of America	241,959	244,548
6,658 sh	Smallcap World Fund	255,583	208,195
		2,049,704	1,915,685

Part XV, Line 3 GRANTS

Recipient		Relationship	Status	Purpose	Amount
COLLEGE SCHOLARSHIPS					
Big Bend Community College Foundation 7662 Chanute St NE Moses Lake WA 98837	($10,000)				
(1) Mitchell Friend 14116 Dodson Rd N Ephrata WA 98823		None	NA	College education	2,000
(2) Maria Vela 605 W 4th St Warden WA 98857		None	NA	College education	2,000
(3) Steven Criss 12859 Road B8 NW Ephrata WA 98823		None	NA	College education	2,000
(4) Amy Huss Box 403 Royal City WA 99357		None	NA	College education	2,000
(5) Julie Sanchez 613 Schneirle Ave Moses Lake WA 98837		None	NA	College education	2,000
Heritage University 3240 Fort Road Toppenish WA 98948	($10,000)				
(1) Rosa Picazo 610 Chestnut Ave Sunnyside WA 98944		None	NA	College education	2,000
(2) Jocelin Salmeron 300 E 2nd St G-11 Ganger WA 98932		None	NA	College education	2,000
(3) Cristy Rangel 722 Fairview Ave Sunnyside WA 98944		None	NA	College education	2,000
(4) Flor Flores 1408 Landon Ave Yakima WA 98902		None	NA	College education	2,000
(5) Zerafin Gonzales Box 1065 Zillah WA 98953		None	NA	College education	2,000

Part XV, Line 3 GRANTS

Recipient		Relationship	Status	Purpose	Amount
COLLEGE SCHOLARSHIPS (continued)					
Lewis-Clark State College 500 8th Ave Lewiston ID 83501	($14,000)				
(1) Jennifer Simmons Box 723 Clarkston WA 99403		None	NA	College education	2,000
(2) Annette Medley HC 64 Box 87 Pierce ID 83546		None	NA	College education	2,000
(3) Kyle Daly Box 473 Cotonwood ID 83522		None	NA	College education	2,000
(4) Alisha Anna Kanan 425 Meadow Creek Rd Bonners Ferry ID 83805		None	NA	College education	2,000
(5) Eric Daly Box 473 Cotonwood ID 83522		None	NA	College education	2,000
(6) Tayler Asplund 1119 19th St Lewiston ID 83501		None	NA	College education	2,000
(7) Talarie Guier 620 Stewart Ave Lewiston ID 83501		None	NA	College education	2,000
Intercollegiate College of Nursing Box 1495 Spokane WA 99210	($10,000)				
(1) Chelsea Dallman 110 S Pine Colville WA 99114		None	NA	College education	2,000
(2) Jessica Wolfe 425 E 9th Ave Kettle Falls WA 99141		None	NA	College education	1,000
(3) Liliya Komarov 3817 E 27th Spokane WA 99223		None	NA	College education	1,000
(4) Amber Lawhead 148 N Howard Tekoa WA 99033		None	NA	College education	2,000
(5) Abigail Sawhill 11920 N Stevens Ct Spokane WA 99218		None	NA	College education	2,000
(6) Rebeca Shoop 8715 W 1st Place Kennewick WA 99336		None	NA	College education	2,000

Recipient	Relationship	Status	Purpose	Amount
COLLEGE SCHOLARSHIPS (continued)				
Community Colleges of Spokane Foundation ($10,000) Box 6000 MS 1005 Spokane WA 99217				
(1) Jennifer Watts Box 485 Chattaroy WA 99003	None	NA	College education	2,000
(2) Lance Selle 14818 N Cuba St Mead WA 99021	None	NA	College education	2,000
(3) Erin Vanderholm 6142 Allen Rd Elk WA 99009	None	NA	College education	2,000
(4) Carli Herman 1711 N Oak St Colfax WA 99111	None	NA	College education	2,000
(5) Alia Sledge 513 E Westcrest Ave Colbert WA 99005	None	NA	College education	2,000
WSU Tri-Cities ($10,000) 2710 University Drive - Room 269B Richland WA 99354				
(1) Madison Merry 8909 W Bonnie Ave Kennewick WA 99336	None	NA	College education	2,000
(2) Izaiah Long 418 W 8th Ave Kennewick WA 99336	None	NA	College education	2,000
(3) Maura Tomsinkski 530 N Edison St #L204 Kennewick WA 99336	None	NA	College education	2,000
(4) Joseph Rubio 25 N Newport St Kennewick WA 99336	None	NA	College education	2,000
(5) Kevin Larsen 1108 Rd 5 NW Ephrata WA 98823	None	NA	College education	2,000

Recipient		Relationship	Status	Purpose	Amount
COLLEGE SCHOLARSHIPS (continued)					
North Idaho College Foundation 1000 W Garden Ave Coeur d'Alene ID 83814	($10,000)				
(1) Andrew Chapin Box 2201 Hayden ID 83835		None	NA	College education	2,000
(2) Jordan Beehner 876 Burke Rd Wallace ID 83873		None	NA	College education	2,000
(3) Cain Sanchez 6075 Pioneer Dr Cashmere WA 98815		None	NA	College education	2,000
(4) Mandi Hollis 7295 West Macaw Lane Rathdrum ID 83858		None	NA	College education	2,000
(5) Kyle Knapp 1001 Wallace Ave Coeur d'Alene ID 83814		None	NA	College education	2,000
Wenatchee Valley College 1300 5th St Wenatchee WA 98801	($8,000)				
(1) Andre Zemlyanoy 1915 Bluegrass Ave East Wenatchee WA 98802		None	NA	College education	2,000
(2) Josephine Grande Box 695 Waterville WA 98858		None	NA	College education	2,000
(3) Victoria Monreal 1225 Cherry St Wenatchee WA 98801		None	NA	College education	2,000
(4) Jasmine Anderson 614 Daniels Dr East Wenatchee WA 98802		None	NA	College education	2,000

Part XV, Line 3 GRANTS

Recipient		Relationship	Status	Purpose	Amount
COLLEGE SCHOLARSHIPS (continued)					
Northwest Nazarene University 623 Holly Street Nampa ID 83686	($10,000)				
(1) Bruno Bennet Box 187 Harrison ID 83833		None	NA	College education	2,000
(2) Ashley Koch 8024 N Austin Rd Spokane WA 99208		None	NA	College education	2,000
(3) Kendra Loeber 21 Joy Cove Lane Grangeville ID 83530		None	NA	College education	2,000
(4) Ashely Morman 6503 Washington St Bonners Ferry ID 83805		None	NA	College education	2,000
(5) Jennifer Conner Box 973 Kittitas WA 98934		None	NA	College education	2,000

Part XV, Line 3 GRANTS

Recipient	Relationship	Status	Purpose	Amount
CHARITIES				
Northeast Youth Center 2121 E Wabash Spokane WA 99207	NA	Public	Freezer & food for youth center	3,000
American Cancer Society 7325 W Deschutes Ave # A Kennewick WA 99336	NA	Public	Medical research	3,000
Boys & Girls Club of Kootenai County Box 3598 Post Falls ID 83877	NA	Public	New facility	4,500
Hands of Hope Northwest, Inc. Box 161 Nampa ID 83653	NA	Public	Used medical eqpt.to hospitals & clinics in developing countries	2,500
National Alliance for Mental Illness - CDA Box 3567 Coeur d'Alene ID 83816	NA	Public	Programs for the mentally ill -- alter-native court program	2,500
North Central WA Jail Chaplain Ministry Box 480 Wenatchee WA 98801	NA	Public	Services for jail inmates & releasees	2,500
Wenatchee First Assembly Church/ Royal Family Kids Camps 3000 W MacArthur # 412 Santa Ana CA 92704	NA	Public	Camps for abused & neglected children	2,000
Community Minded Enterprises 25 W Main # 310 Spokane WA 99201	NA	Public	Healing Hands mission	3,500
Shriners Hospital 911 W 5th Spokane WA 99204	NA	Public	Hospital care for children	3,500
Vanessa Behan Crisis Nursery 1004 E 8th Spokane WA 99202	NA	Public	Crisis nursery	2,000

Part XV, Line 3 GRANTS

Recipient	Relation-ship	Status	Purpose	Amount
CHARITIES (continued)				
Second Harvest Food Bank 1234 E Front Spokane WA 99202	NA	Public	Food for the needy	1,000